

INFORMATION REPORT

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COUNTRY: China/Korea

SUBJECT: Chinese Communist Intelligence and Smuggling
Activities between Inchon and Shihiao

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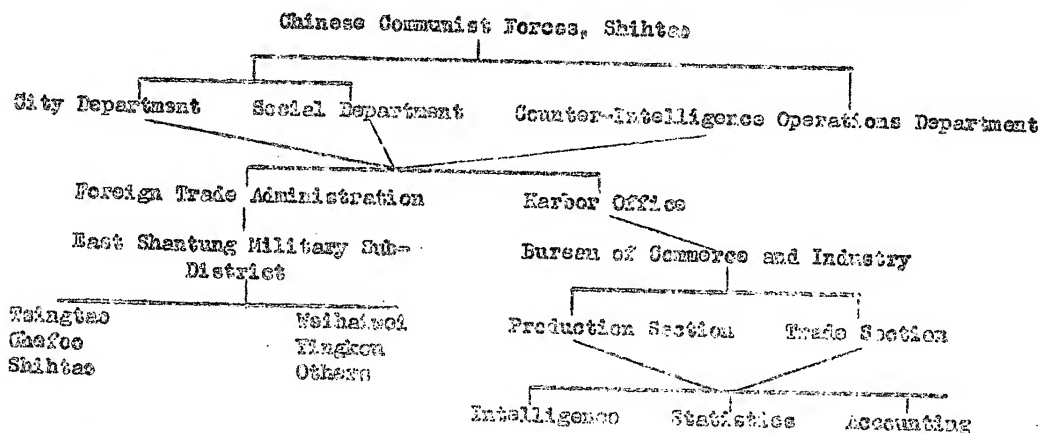
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THIS IS UNEVALUATED INFORMATION

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1. The Chinese Communist military intelligence service carries on various activities in the area of Inchon, operating principally from the Chinese base of Shihiao (122-25, 36-53). These activities are under the Shantung Military District and the Liaotung Military Sub-District of the Chinese Communist forces and are handled by the Combat Control Offices of these districts.

2. The organization of intelligence control is shown in the following diagram:



3. Intelligence operations include smuggling between Shihiao and Inchon, the dispatch of prostitutes to Inchon, and control of the Chinese labor union there. [redacted] smugglers on the Shihiao-Inchon route included about twenty Chinese and about thirty Koreans. Chinese prostitutes working for intelligence in Inchon numbered about forty, of whom many were women with families. The labor union has about two hundred members.

4. A group of Chinese were sent to South Korea [redacted] to collect intelligence and to smuggle back war supplies to Shihiao. These persons were dispatched by PI Ch'ung-tao (卓崇道), chief of the Counter-Intelligence Section

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Next Review Date: 2008

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for South Korea in the Liaotung District, and MA Shao-liang (馬紹良), Communist military commander of the Shihtao area. The agents include the following:

CHANG Feng-ning (張鳳鳴), head of the Purchasing Section (of what organization not stated), for collecting intelligence and conducting smuggling.

CHIEH Chi-cho (解吉卓), ** head of the South Korean Chinese Residents National Relief Society and a member of the T'ung Shun Tung (同順東) Trading Company.

LU Hsi-chou (呂錫州), deputy chief and secretary of the above society; in Taejon earlier; active in Seoul [redacted]

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WANG Hsiang-kuang (王祥光), age 24.

WANG Hsu-tung (王旭東), age 40.

WANG Kai-chih (王溉之), age 37.***

WANG Kua-ch'ang (王掛長), age 37.

5. There are two Chinese Communist intelligence agencies in Shihtao (122-25, 36-53) which operate as civilian trading companies to camouflage their interest in intelligence collection. These are the Li T'ung Kung Szu (利通公司), and the Yuan T'ung Li (遠通利), the latter directed by PI Ch'ung-tao (畢崇道), with MA Ch'ung-shan (馬崇山) as his assistant.

6. PI Ch'ung-tao was educated at the Chinese elementary school in Inshon and later lived in Pyongyang until about 1940. He speaks Korean very well. He has been engaged in counter-intelligence work for the Chinese Communists for 23 years. His [redacted] activities include direction of the Yuan T'ung Li (遠通利), **** an organization operating trade companies, transportation facilities, and hotels in Shihtao. PI has considerable prestige in Shihtao as well as in Inshon, where he has many Chinese friends.

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7. These official firms encourage the bringing into Shihtao of the following products:

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| Manila rope | penicillin |
| accessories for cars and trucks | streptomycin |
| millet | sulfadiazine |
| hemp sacks | anaesthetics |
| fishing boats | other medical supplies |
| fertilizer (nitrogen) | |

In addition, there is a large market among the ordinary civilian population for radium-dial watches, Parker fountain pens, gold rings and earrings, wool overcoats, and red woolen underwear for women.

8. In order to enter Shihtao area, a traveler (from Korea, for example), requires a letter of introduction from an intelligence agent abroad. If one of these has not been obtained before entering the port, the traveler may introduce himself as a smuggler to PI Ch'ung-tao, and claim a letter of permission from him.
9. For movement within the Shihtao area, city residents are required to carry identification cards issued by the city government; suburban residents receive their cards from the provincial government. Village residents can move within an area of 50 li from their homes on identification issued by the village government.

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10. For any travel beyond the distance of 50 li, a special travel certificate is required from the city government, to the following effect:

TRAVEL CERTIFICATE

Comrade _____ is traveling to Chafoo on business.

Officials who may be encountered en route are requested to

let the comrade pass without interference.

Date: (Year) (Month) (Day)

Section Head, Public Security Bureau _____

Member of Public Security Bureau _____

Public Security Bureau _____

11. Persons arriving in Shintao from South Korea often identify themselves as having been employed by leftists agencies in South Korea, and having escaped in order to avoid arrest. With such a story, an individual can join the local Seamen's Association and obtain work as a sailor. Both Korean and Chinese are included in the association. After a careful entrance investigation, the members are not subjected to special security controls.

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Comment. This position, according to another report, was held by CHUEN Wan-li (徐萬里) _____

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Comment. WANG has been described as _____ an active collaborator of the North Korean occupation authorities in Inchon. _____

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Comment. This firm has been variously reported as a representative of the Chinese Communist army _____

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